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FISCAL IMPACT STATEMENT

LS 7058

BILL NUMBER: HB 1365

NOTE PREPARED: Feb 1, 2010

BILL AMENDED: Jan 28, 2010

SUBJECT: Dual Enrollment Costs and Fees.

FIRST AUTHOR: Rep. Porter

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Dual Credit & AP Test Costs:* This bill provides that a student may not be charged tuition or fees for a college course or test that the student completes in order to obtain a Core 40 diploma.

Dual Credit Course Approval: The bill requires state educational institutions that offer dual credit courses in liberal arts, professional, or career and technical disciplines to be approved by the Commission for Higher Education. (Current law requires the state educational institutions that offer dual credit courses in liberal arts, professional, or career and technical disciplines to be accredited by the National Alliance of Concurrent Enrollment Partnerships.)

Effective Date: July 1, 2010.

Explanation of State Expenditures: *Dual Credit & AP Test Costs:* Subject to future appropriations, the bill could increase the state expenditures for Advanced Placement (AP) tests if more students are encouraged to take AP classes and take these tests. The state paid for a limited numbers of tests in the 2007-2008 school year (Calculus, Biology, Chemistry, Physics, Environmental Science, and Statistics for students in Grades 11 and 12.) The current appropriation for Advanced Placement Tests is \$953,284.

Subject to future legislative appropriations, the bill could also increase state expenditures for higher education. The state currently provides an adjustment for state institutions with a history of enrollment growth. The current adjustment is based on a four-year rolling average. The adjustment for enrollment change is \$1,750 per student for FY 2010 and \$2,625 for FY 2011. Any possible increases in expenditures would not occur until the 2011-2013 biennium and would depend on what the higher education enrollment

growth formula used in future appropriation bills. The formula has varied over the last three bienniums and has depended on the available funding for higher education.

(Revised) *Dual Credit Course Approval*: The bill could increase the workload of the Commission for Higher Education, but the additional review could probably be done with existing resources.

Explanation of State Revenues: *Dual Credit & AP Test Costs*: The state educational institutions could have a reduction in revenue if they were unable to charge tuition and fees for students taking dual credit courses needed for the Core 40 diploma. Currently, state educational institutions can not charge tuition and fees to high school students that are eligible for the free and reduced lunch program. To obtain a Core 40 diploma with Academic Honors, a student must take AP courses or dual credit courses. For the 2007-2008 school year, about 18,991 Honors diplomas were awarded. The loss in revenue per student would be between \$0 and \$356, depending on what was charged for dual credit classes. State educational institutions would have some unknown loss of revenue.

Background: The range of students taking dual credit classes is estimated to be between 9,000 and 32,000 students.

The Indiana Concurrent Enrollment Partnership established by the 2008 General Assembly has collected information on concurrent enrollment. Based on data they have collected, about 32,000 students were taking concurrent enrollment classes at 312 high schools and public and private colleges. There was a maximum of about 166 high schools who were not offering classes. The partnership estimates that about 17,100 additional students in the 166 high schools might take concurrent enrollment classes.

The Department of Education has also begun collecting information on students taking dual credit classes. In the 2008-2009 school year, 119 school corporations reported having 8,984 students taking dual credit classes. The majority of the students taking dual credit classes were juniors (3,003 students) and seniors (4,745 students).

The difference in the Indiana Concurrent Enrollment Partnership and the Department of Education figures is probably due to the differences in who reported the information, and also the 2008-2009 school year was the first year the Department of Education requested dual credit information.

Public schools receive funding for the students taking concurrent enrollment classes through the school formula, and universities receive funding from enrollment growth and tuition charged to students.

Currently, universities cannot charge tuition for students eligible for free or reduced lunch. The tuition charged by universities for other students for concurrent enrollment courses varies from nothing at Ivy Tech Community College to \$89 per credit hour. The cost is below the tuition charged for a full-tuition student, which ranges from \$132 to \$263 per credit hour

Explanation of Local Expenditures: *Dual Credit & AP Test Costs*: The impact on local schools would depend on if students that receive a Core 40 Honors diploma choose to take the advance placement tests or dual credit courses or both. Students getting an Honors diploma have to do one of the following:

1. Complete advanced placement courses (4 credits) and corresponding examination.
2. Complete international baccalaureate courses (4 credits) and corresponding examination.
3. Earn a combined score of 1200 or higher on the SAT critical reading and mathematics.

4. Score a 26 or higher composite score on the ACT.
5. Complete dual high school/college credit course from an accredited postsecondary institution (6 transferable college credits).
6. Complete a combination of advanced placement courses (2 credits) and corresponding examination and dual high school/college credit courses (3 transferable college credits).

If more students take dual credit classes, the impact on schools would probably be minor. Schools may need to have some professional development for the teachers but the classes would be offered during the school day.

The other possible impact is if more students take the advanced placement classes and tests. The impact on local schools would depend on the cost for advanced placement tests students might choose to take instead of taking dual credit courses. The state provides some funding for advanced placement exams, about \$953,284 per year. Advanced placement tests cost about \$86 per exam. The maximum cost if all the Honors diploma students took two tests would be about \$2.3 M annually (18,991 students * 2 tests * \$86 per test minus \$953,284 the state pays) or zero if students took dual credit courses. Currently, the parent pays for the advanced placement test if it is not paid for by the state.

Background: For the 2009 school year, 27,683 students took AP exams, with 11,637 of the students being 11th graders and 11,661 of the students being 12th graders. About 48.7% of the students taking the test passed, with 22.6% receiving a score of 3, 15.8% receiving a score of 4, and 10.3% receiving a score of 5.

Explanation of Local Revenues:

State Agencies Affected: State education institutions.

Local Agencies Affected: Local schools.

Information Sources: Indiana Concurrent Enrollment Partnership; College Board AP Tests Website, <http://professionals.collegeboard.com/testing/ap/about/fees>; Emily Shelman, Department of Education, 232-6618.

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